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IN THE

Supreme Court of the United States

OCTOBER TERM, 1987

AMERICAN CYANAMID COMPANY,
Petitioner,

v.

THE DOW CHEMICAL COMPANY,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

PETITIONER'S REPLY BRIEF

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QUESTION PRESENTED IN PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Where the Federal Circuit has reconstructed the Supreme Court's standard for determining valid patentability under the Patent Laws, resulting in conflicting legal determinations by different three-judge panels, should the Supreme Court restore its controlling precedent?

RULE 28.1 LISTING

Petitioner, American Cyanamid Company ("Cyanamid"), previously included a Rule 28.1 listing in its "Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit" at page ii. The listing is currently accurate and no amendments are required.

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REPLY TO BRIEF IN OPPOSITION

I. The Conflict Between The Legal Determination Of Nonobviousness Made By The Federal Circuit In *Dow* And Of Obviousness Made By The Federal Circuit In *Sohio* Is Genuine

The *Dow* case presents a conflict of law within the Federal Circuit, resulting in inconsistent decisions that hinder the Congressional intent to promote stability and uniformity in the application of the Patent Laws. Addressing the destructive effect of such contradictions by the Federal Circuit, Judge Newman wrote of a deepening concern:

> Failure of this court to reach consistent decisions based on a consistent application of precedent will be as destructive of the purposes of a patent system as was the forum-shopping and inconsistent judgments of the past. I repeat my concern at the majority's categorization in footnote 8 of much of this court's jurisprudence as "dicta". That message cannot reassure those who hoped that this court would bring stability, not turmoil, to the patent law.

The Perkin-Elmer Corporation v. Westinghouse Electric Corporation, 822 F.2d 1528, 1543-44 (Fed. Cir. 1987) (Newman, J., dissenting).

The question presented to this Court by this Petition directly focuses upon the redirection by the Federal Circuit of the judicial approach for determining the legal issue of statutory obviousness in patent cases, contrary to this Court's precedent. In so doing, the Federal Circuit has rendered inconsistent decisions, causing instability and nonuniformity in the application of the Patent Laws.[1]

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[1] Respondent states at page 2 of the Opposition Brief that the *Sohio* decision was distinguished by the *Dow* majority "on the ground that it involved a different invention, different patent claims and a different factual record." That characterization is

(Footnote continued on the following page)

Subject matter that would have been obvious at the time it was made to a person having ordinary skill in the art to which the subject matter pertains does not meet the statutory condition for patentability. 35 U.S.C. Section 103. The judicial determination of whether or not the statutory condition has been met is a legal issue.

The Federal Circuit's decisions in the *Dow* and *Sohio* cases represent inconsistent resolutions of the same fundamental legal issue of obviousness presented in both cases. Federal Circuit Judge Davis left no doubt of this in pointing out in his dissenting opinion in the *Dow* case that:

> In my view, a contrary result is compelled by this court's earlier decision in *Standard Oil Co. v. American Cyanamid Co.*, 774 F. 2d 448, 227 U.S.P.Q. 293 (Fed. Cir. 1985) (*Sohio*). The chemical process involved here is substantially the same process at issue in *Sohio*, although the challenged patents are different. Because of the general identity of the chemical process, there are holdings in *Sohio* that bear directly on the correctness of the District Court's decision Ain this case. The most important of these is our *Sohio* holding that the District Court there correctly "found that the combined teachings [of the Watanabe article and Reppe patent] would have indicated to one of ordinary skill in the art that copper was an effective agent for producing a catalysis in the process of converting a nitrile to an amide." 774 F. 2d at 455, 227 U.S.P.Q. at 298. This was a legal determination of obviousness, but in the current case Judge Beer made the precisely contrary determination that "the hydration of nitriles by the use

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1 *(Continued)*

inaccurate. The *Dow* majority actually stated that "the Standard Oil case and this one involve generally similar conversion processes". Even though "the claims, patents, and records in these cases are dissimilar," the basis for the determination of the patentable distinction over the prior art was the same. See p. 4a of Petition's Appendix.

> of a copper catalyst obtained through the reduction of a copper compound was not predictable, and was not obvious." Because *Sohio* is a binding legal precedent on this exact point, the District Court's contrary legal holding should not stand.

See pp. 14a-15a of the Appendix Accompanying Petition For Writ Of Certiorari (emphasis added).

II. The Federal Circuit's Judicial Approach To Determining Obviousness Departs From Prior Supreme Court Precedent And Explains The Inconsistent Legal Holdings In The *Dow* And *Sohio* Cases

In characterizing the subject matter at issue in the *Dow* case, the Federal Circuit observed that "[t]he four patents in suit relate to a chemical process of using a copper catalyst to convert an olefinic nitrile having 3 to 6 carbon atoms to its corresponding amide." See pp. 1a-2a of Petition Appendix. The Federal Circuit acknowledged the close relationship of those *Dow* patents to the *Sohio* patent: "The chemical process at issue is generally similar to the process that was at issue in *Standard Oil Company v. American Cyanamid Company*, 774 F. 2d 448, 227 U.S.P.Q. 293 (Fed. Cir. 1985) *(Standard Oil)*." See p. 3a of Petition Appendix. Despite the Federal Circuit's confirmation of the technical overlay of legal issues of obviousness in both cases, the two-judge majority in the *Dow* case chose to disregard the prior *Sohio* holding as a binding legal precedent on the issue of obviousness.

The only material difference between the two cases impacting upon the legal issue of obviousness was the absence of secondary considerations and commercialization by the patentee in the one case (Sohio) and their presence in the other case (Dow). The Federal Circuit has, by transforming such "secondary considerations" into controlling "objective evidence of nonobviousness", admittedly elevated the absence or presence of such evidence to a determinative level not contemplated by the traditional three-

part technical inquiry mandated by the Supreme Court in *Graham*.[2]

This redirected judicial approach has resulted in the conflicting *Sohio* and *Dow* decisions. The Federal Circuit's altered standard has permitted otherwise technically obvious subject matter to be sustained as patentable solely because of "secondary considerations." Federal Circuit Judge Rich has confirmed such an outcome in yet another recent case.

> The majority, like the trial judge, has been led astray and has assumed that the patent in suit is on some imaginary "system" for detecting flaws, which has enjoyed commercial success in the hands of Alco and was copied by Westinghouse, thus changing the prima facie obvious invention into a patentable invention.

Alco Standard Corporation v. Tennessee Valley Authority, 808 F. 2d 1490, 1505 (Fed. Cir. 1986) (Rich, J., dissenting) (Petition for Writ of Certiorari filed May 27, 1987, October Term, 1986, No. 86-1878, currently pending).

The danger inherent in permitting "secondary considerations" to outweigh technical evidence of obviousness, and thus to play the decisive role in determining patentability, has been identified.

> I hesitate to suggest that my learned colleagues have been gullible, but on the subject of "commercial success" it does seem to me that they have been unduly moved by mere words and innuendos. Just what was the supposedly successful *CMW system?* They do not say. I have seen no reference in the briefs to any clear evidence on the subject and have been unable to find it in the voluminous record.

Alco, 808 F. 2d at 1511 (Rich, J., dissenting). Reliance in patent cases upon such "mere words and innuendos" of

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[2] *Graham v. John Deere Co.*, 383 U.S. 1 (1966).

commercial success can only mislead the courts into finding the obvious to be unobvious.

CONCLUSION

The mischief inherent in the new Federal Circuit standard lies in the invitation to trial courts to avoid the difficult task of assessing the technical facts impacting the question of obviousness, and instead to focus primarily upon such illusory and flexible "secondary considerations" as may have only a tenuous connection, if any, to the claimed invention. Under such circumstances, patents directed to commercialized subject matter will be judged by a different and more lenient standard than patents directed to subject matter not yet commercialized.

The Federal Circuit's *Dow* and *Sohio* decisions reflect the inconsistency and nonuniformity created by the new standard. The Federal Circuit's *Alco* decision reveals how "secondary considerations" can mislead the courts into sustaining otherwise obvious and unpatentable subject matter. This Court should intervene to restore its controlling precedent and to eliminate the destabilization of the patent system resulting from the Federal Circuit's new patentability standard.

Respectfully Submitted,

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